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SUBJECT: COZY PARTY POLITICS IN KURSK AND BELGOROD

Classified By: Acting Pol M/C Bob Patterson. Reasons 1.4 (b, d).

¶1. (C) Summary: United Russia dominates local politics in Belgorod and Kursk regions. Politicians first and foremost push for continued economic growth, and United Russia, the Communists, LDPR and Just Russia work together with no major disputes among them. Businessmen enter politics to preserve their interests, while some parts of the media often see their role as providing advertising for their oblast. Growth in manufacturing and agriculture has done much to improve the local economies, with United Russia getting much of the credit, especially since much of the economic growth is driven by infrastructure projects financed largely by Moscow. With nobody wanting to upset the applecart, the cozy intermingling of business, politics, and media seems likely to continue. End Summary.

Cozy Ties Among Political Parties, Business, Media

¶2. (C) Both Belgorod and Kursk are politically dominated by United Russia. In the March regional Duma elections, United Russia won 70 percent of the vote in Belgorod and 62 percent in Kursk, with the Communists, the Liberal Democratic Party of Russia (LDPR), and Just Russia also winning seats (the Agrarian Party also claims many members, but failed to win any seats in the regional dumas). Major positions in the regional and capital city government are held by United Russia members. Some local government officials who are members of United Russia, such as First Deputy Chair of the Belgorod Regional Duma Ivan Kulabukhov, disdain opposition parties and argue that if they wanted to improve their region they would join the "genuine patriots" of United Russia and work to solve local problems.

¶3. (C) Despite such sentiments, Belgorod region Duma Deputy and LDPR member Sergey Loza told us that it makes no sense to oppose United Russia because all major parties have the same goals, such as fighting corruption (although nobody could tell us where corruption was to be found), making sure presidential orders are carried out, and promoting economic growth. LDPR exists as a separate party, he said, because it wants to pursue these goals faster. Representative of the Committee of State Service and Personnel of Kursk region Viktor Kurkin told us that the leaders of the major parties were born locally and had known each other for many years. This, he said, allowed them to cooperate on solving issues facing the region. Independent Kursk City Assembly Deputy Roman Gladkikh, a former United Russia member, told us that, despite leaving United Russia, he was able to pursue his agenda of education reform. Both he and Kursk region Federal Inspector Sergey Shilo also said they work to make sure presidential orders are carried out and not "lost in the regional bureaucracy."

¶4. (C) Kursk City Assembly Deputy and United Russia member Andrey Kanunnikov told us that in both regions prominent businessmen like himself enter politics to preserve their

business interests. While lamenting the lack of real competition among political parties and the transparency it would bring to local politics, he argued that the current arrangement of cozy relationships has nevertheless brought political stability and economic prosperity. If local businesses prosper, more residents are employed, he argued. Belgorod Trade Union Chair Nikolay Shatalov told us that the unions generally do not strike. Local media also do little to upset the balance. Editor-in-Chief of View, Information, and Partnership Magazine Mikhail Izotov told us that he sees his magazine as a good advertisement for Kursk region, but stressed that he enjoys much freedom to print any article that is factually true.

Focus Is On Economic Development...

15. (C) In both Belgorod and Kursk the promotion of economic growth, which is widely attributed to United Russia, fosters much of this political cooperation. Indeed, Loza told us his party supports immigration from former Soviet states because of the economic benefits it brings. Belgorod Deputy Governor Oleg Polukhin told us his region accounts for some 40 percent of all iron production in Russia. Belgorod, he said, also sees much agricultural production, including 500,000 tons of meat produced in 2007.

16. (C) Kurkin told us that Kursk has also seen economic growth. According to Kurkin, the value of agricultural production in Kursk has risen threefold in the past three years. This, combined with nuclear power generation and iron ore and titanium production has boosted the local economy, he said.

17. (C) Officials in Kursk, however, are envious of their neighbors in Belgorod. They credit Belgorod Governor Yevgeniy Savchenko's energy and relationship with Moscow with attracting more investment and encouraging more economic growth. (Bio Note: A former collective farm director, Savchenko was first elected Belgorod's Governor in 1993. He was subsequently reelected and then appointed by Putin.) The extent to which infrastructure investment in Belgorod outstrips that in Kursk became evident after touring the two cities, with Belgorod boasting more visible road and building construction. The Hotel Belgorod, for example, is very modern and Western-looking, while the Hotel Kursk is a prime example of communist-era accommodations. Officials in Kursk (population 450,000) predicted Belgorod (population 375,000) will be the larger city in the next 30 years.

...But With State Support

18. (C) In both Belgorod and Kursk, local officials expressed their disdain for free markets and praised the GOR's intervention in economic affairs. Putin called for this when he visited the Kursk pharmaceutical plant Farmstandard-Leksredstva on June 19 and said the state should formulate long-term strategy for those who operate in the Russian market. He added that the state and manufacturers should work together to develop the market, and said the value of pharmaceuticals made by Russian manufacturers should account for at least half of the Russian market by 2020. Minister of Economic Development and Trade Nabiullina traveled to Kursk on June 19 and signed agreements on economic development with local officials.

19. (C) Belgorod and Kursk officials praised this line of thinking, and argued the state should be actively involved in all sectors of the economy. Polukhin stated "we once believed the market would regulate itself, but the time for naivete is over." He argued that state help is needed if the economy is to grow, especially in areas where agriculture accounts for a large part of the economy.

110. (C) Polukhin pointed to the region's "pride and joy,"

Belgorod State University, as an example of the benefits of state intervention. Under the auspices of special national programs, the university has constructed several new buildings, including a USD 270 million athletic center. Polukhin praised Moscow for providing the funds needed to build what he called "one of the finest educational institutions in all of Russia."

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